Utilization of Village Funds in Improving the Economy of Village Communities

Endang Indartuti

Master in Public Administration, Universitas 17 Agustus 1945 Surabaya, Indonesia

ABSTRACT

The government has a policy in the form of village funds sourced from the State Revenue and Expenditure Budget (APBN) because not all villages have good sources of income (Yudistira et al., 2019). Without government funds, the implementation of village autonomy will not run well. This study aims to analyze whether the government has invested village money in improving the economy of rural communities. This type of research is a literature study using qualitative descriptive and content analysis techniques. In library and qualitative research, data analysis is sufficient with non-statistical analysis in the form of reduction, display, and verification. The results show the utilization of village funds in 2021, where village funds are distributed in two categories, namely Regular and Independent. The category is determined based on the annual assessment results and determined by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. The distribution of the 2021 Village Fund in several regions has been delayed. It is due to several administrative problems by the local government and village government. There is an improvement in the 2022 Village Fund allocation policy, which is expected to impact the distribution and utilization process positively. The role of village funds in supporting national economic recovery and handling Covid-19 includes direct cash assistance from village funds, support for Covid-19 handling funds of at least 8% of the allocation of Village Funds, Work-Intensive Village Funds, and stunting management.

1. INTRODUCTION

The village is one of the government units organized by the village head with the help of village officials. Villages in a general sense can be said as human settlements that are located outside the city and the residents make a living by farming or farming (Karta et al., 2020; Sucitawathi et al., 2019). The position of the village is an autonomous political entity and a legal community unit that has its own regulations in managing village life (Ariawan et al., 2021; Sucitawathi et al., 2019). Villages need to be safeguarded and given the tools they need to develop into powerful, modern, independent communities that practice...
democracy (Ariawan et al., 2021; Sari et al., 2017). A source of village income is required in order to fulfill the power, obligations, and duties of the village to establish government and development. The government, however, has a policy in place in the form of village funds sourced from the State Revenue and Expenditure Budget (APBN) because not all villages have enough sources of income (Yudistira et al., 2019).

Without government funding, the implementation of village autonomy will not function well. As with the implementation of regional autonomy, financing is crucial to enabling the implementation of village autonomy (Sudantra, 2015; Sutaryo, 2016). Village funds are funds designated for villages that are transferred through the district/city regional revenue and expenditure budget and come from the state revenue and expenditure budget (Tumbelaka et al., 2020; Yudistira et al., 2019). According to Law Number 6 of 2014, the village receives additional funding under Article 72 of the State Revenue and Expenditure Budget, which is referred to as the Village Fund, in order to enhance its position (Hadi, 2018; Permata & Hapsari, 2020). Village Funds according to Government Regulation Number 60 of 2014 article 19 are used to finance government administration, development, community and community empowerment. Community development and empowerment is a priority in the use of village funds. Village funds from the APBN according to Government Regulation Number 22 of 2015 are allocated to districts based on the number of villages, divided by 90% evenly and 10% proportionally by weighting 30% of the population, 20% of the area and 50% of the poverty rate (IKK). The capacity of village officials as policy implementers is an important factor that supports the successful implementation of programs financed by village fund allocations. The basis for implementing government is the capacity and expertise of the village apparatus as policy implementers, particularly in the financial sector when handling the distribution of village money (Budiono, 2013; Jumaiyah & Wahidullah, 2019).

According to village administration, the national economic recovery is the first of three areas of emphasis for the 2021 Village Fund budget (Abubakar & Handayani, 2021; Afiyah, 2021). This include the creation, growth, and rejuvenation of joint BUMDes (BUMDesma) and Village-Owned Enterprises (BUMDes), the provision of village electricity, and the growth of profitable economic ventures, mostly those run by BUMDes/BUMDesma. Second, village authorities have identified several national priorities, including gathering village data, mapping potential and resources, developing ICT, creating touristic villages, enhancing food security, preventing stunting in villages, and creating inclusive villages (Sofyani et al., 2018; Widodo, 2017). Lastly is the adaptation of a new habit, namely the Covid-19 Safe Village. With targets, namely villages without poverty, hunger, women's involvement, clean water, and sanitation, equitable village economic growth. However, village fund programs which are Government assistance for community development in villages have not yet fully run smoothly and have not been in accordance with the targets desired by the community (Garis, 2017; Respati et al., 2017).

In the research, the use of village funds must be in accordance with the Minister of Village Regulation Number 16 of 2018 concerning the priority of using village funds, so that proper and proper use of village funds is expected to provide economic improvement for the surrounding community (Ardiyani et al., 2021; Putro & Kartini, 2020). In addition, other research states that village governments are also advised to make financial reports on the use of village funds as submitted (Ayustia, 2019; Noviyanti et al., 2018). Thus, transparency in the use of village funds can increase public trust in the village government. The results of states that have not maximized poverty alleviation in the village because the village programs that have been run have not directly hit the root of the problem of poverty itself (Akbar, 2018). Additionally, according to study, village funds have a beneficial role as a catalyst for economic growth in village development (Alexandro et al., 2021). The village fund program, simultaneously and partially affected economic growth, employment growth, and business potential. The lack of research that describes the extent to which the utilization and distribution of village funds at the national level in 2021 and 2022 in improving the economy of rural communities encourages researchers to conduct this research. The purpose of this study is to analyze the government has invested village money in improving the economy of rural communities.

2. METHODS

This type of research is a literature study using qualitative descriptive and content analysis techniques. Literature study or literature can be interpreted as a series of activities related to collecting library data, reading and recording, and processing research materials (Bungin, 2011). The qualitative descriptive data analysis technique is one of the techniques or methods used in qualitative research. Qualitative research is research that emphasizes more on observing phenomena and requires sharp instincts from researchers. Content Analysis (Content Analysis) is a qualitative research technique emphasizing the consistency of the content of communication, the meaning of the content of communication, the reading of symbols, and the meaning of the contents of the symbolic interactions that
occur in communication (Bungin, 2011). In library and qualitative research, data analysis is sufficient with non-statistical analysis in the form of reduction, display, and verification.

3. RESULTS AND DISCUSSIONS

Results

The village fund, one of the (largest) village revenues derived from the APBN, is transferred to the village treasury account via the regional treasury account and is used to fund administrative costs for the government, the implementation of development projects, community development, and community empowerment. The budgeting, distribution, use, and reporting accountability of Village Funds are further governed by Law Number 6 of 2014 concerning Villages, Government Regulation Number 60 of 2014 concerning Village Funds Sourced from the State Revenue and Expenditure Budget, Regulation of the Minister of Village, and Regulation of the Minister of Finance. In 2021, the total Village Fund Ceiling is Rp. 72 trillion, which is distributed to 74,961 villages with realization as of January 10, 2022, Rp. 71.85 trillion in 74,939 villages.

Village Funds are distributed in two categories, namely Regular and Independent. The category is determined based on the results of an annual assessment and is determined by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. Based on the Regulation of the Minister of Finance Number 94/PMK.07/2021, the distribution of the Regular Village Fund is carried out in three stages, namely: Phase I (40 percent) in January; Phase II (40 percent) in March; and Phase III (20 percent) in June. Meanwhile, the distribution of the Mandiri Village Fund is carried out in 2 stages, namely Phase I (60 percent) in January; and Phase II (40 percent) in March. The realization of regular distribution as of January 10, 2022 is IDR 46.12 trillion (73,198 villages), while independently is IDR 1.37 trillion (1,741 villages). In addition, during the COVID-19 pandemic, Village Funds were also channeled to.

The allotment of village_funds for managing COVID-19 is at least 8% of the total village fund, according to the Circular Letter of the Minister of Finance Number 2 of 2021 and the Instruction of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 1 of 2021. The total ceiling for the allocation of Village Funds for the handling of COVID-19 in 2021 as of January 10, 2022 is Rp.5.76 trillion with a realization of Rp.4.12 T in 53,973 villages. The distribution of direct cash assistance from village_funds is expected to be able to restrain the rate of increase in the number of rural poor people. The total ceiling for the 2021 BLT-DD allocation as of January 10, 2022 is IDR 28.80 trillion with a realization of IDR 20.24 trillion in 67,473,752 Beneficiary Families.

The Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 13 of 2021 about Priorities for Use of Village Funds in 2021 establishes the order in which Village Funds will be used in 2021, which are as follows, first, National economic recovery according to village authority. 1) The creation, growth, and revival of BUMDes; 2, The provision of power to the village; and 3m The growth of productive economic ventures, which are prioritized to be administered by BUMDes. Second, National priority programs according to village authority. 1) Gathering data on villages, mapping their resources and potential, and developing ICT; 2) Creating tourist-oriented villages to boost local economies; 3) Enhancing food security and preventing stunting in villages; and 4) creating inclusive villages to involve more women in village affairs, peaceful villages with justice, and to realize dynamic village institutions and adaptive village culture. Third, Adaptation of new village habits. 1) Safe Village Covid-19; and 2) Village fund direct cash assistance (BLT-DD). Priority for the use of Village Funds is part of the Village Government Work Plan which is compiled based on data provided by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration and the aspirations of the village community. The Village Government Work Plan which contains priorities for the use of Village Funds becomes a guideline in the preparation of the APBDes.

Based on observations, during 2021, in general, Village Fund problems can be seen from the aspects of planning, management and accountability, as follows, first planning. There is a change in policy, so it is necessary to refocus the budget several times. The process of drafting and ratifying regional regulations and/or village heads is delayed, one of which is because the positions of regional heads or village heads are still vacant. Differences in indicators between ministries/agencies (K/L) in implementing village development evaluations, causing confusion in measuring village progress, such as the Village Development Index (IDM), Village Development Index (IPD), Village and Kelurahan Profiles (Prodeskel), and Evaluation of Village and Sub-District Development (Epdeskel). Second, management. Utilization of Village Funds is not in accordance with priorities. Utilization of Village Fund Allocation for COVID-19 is less than optimal, only photo documentation for administrative accountability but activities are not carried out. The remaining Village Funds in the State General Treasury Account (RKUN) which are not distributed to the Regional General Treasury Account (RKUD) due to the difference between the number of villages based on
regent/mayor regulations and the number of villages based on DJPK data; and There are legal problems that befall the village head due to misuse of the Village Fund. Third, Accountability. Caused by delays in the administration of accountability and/or reporting by the village government or local government so that it affects the distribution of village funds for the next stage.

The distribution of the 2021 Village Funds in several regions has been delayed. This is due to several administrative problems by the local government and village government, including: first, Local government. Several local governments have added requirements for the disbursement of Village Funds. Delays in submitting reports on the implementation of BLT-DD through data records on the Online Monitoring of the State Budget Treasury System (OM-SPAN). Late or not submitting a consolidated report on village finances and a consolidated report on the utilization of the COVID-19 budget of 8 percent of the Village Fund Ceiling. Limited budget and human resources in facilitating villages to implement policies for the Implementation of Micro Community Activity Restrictions (PPKM) and the Covid_19 Handling Command Post. Second, Village government. There is a less harmonious relationship between the village head and the Village Consultative Body (BPD) thus hampering the process of establishing village regulations regarding APBDes. There are villages that have not determined Beneficiary Groups (KPM) and follow up on the implementation of BLT-DD because they are waiting for improvements to the Integrated Social Welfare Data (DTKS) and changes in the number of KPMs; Some villages are of the view that it is not necessary to establish and implement a Micro PPKM policy and the Covid-19 Handling Post in the Village if it is included in the green zone, so that it affects the distribution of village funds for the next stage. Some of the problems related to BLT-DD are as follows: first, There are several villages that are late in setting APBDes. Second, The slow process of recording KPM data in the village every month. Third, Monthly distribution of BLT-DD is difficult considering the geographical conditions of some villages which are difficult to reach. Fourth, BLT-DD payments cannot be paid in accumulation (must be paid every month) so there are periodic consequences faced by each village.

The 2022 Village Fund Ceiling has been set at Rp 68 trillion and allocated to 74,961 villages in 434 regencies/cities throughout Indonesia. This amount decreased by IDR 4 trillion compared to 2021. There is an improvement in the policy for the allocation of the 2022 Village Fund which is expected to have a positive impact on the distribution and utilization process,. First, Improvement of the calculation formula by expanding the Basic Allocation cluster based on population to seven clusters. Second, It’s anticipated that the government’s calculation and determination of the Village Fund ceiling per village will expedite the direct distribution process from the RKUN to the RKDes so that villages can use the Village Fund right away in accordance with the established work program. Third, Stricter focus and priorities for the use of Village Funds in order to support the National Economic Recovery (PEN) program in response to the COVID-19 pandemic in the BLT-DD program with a target of reducing Additionally, village monies are used for community health initiatives, such as tackling COVID-19 in communities and lowering stunting, as well as for food and livestock security programs. Fourth, The Village Fund is utilized for village infrastructure initiatives, with a focus on using locally produced materials and labor, as well as village development programs in line with the capabilities and peculiarities of the village.

According to Regulation of the Minister of Villages, Development of Disadvantaged Regions, and Transmigration Number 7 of 2021 concerning Priorities for Use of Village Funds in 2022, the following are the priorities for using village funds in 2022. First, National economic recovery according to village authority. Poverty alleviation to create a village without poverty. Establishment, development, and capacity building for BUMDes management for equitable village economic growth. Development and development of productive economic enterprises, which are prioritized to be managed by BUMDes. Second, National priority programs according to village authority. Village data gathering, resource and potential mapping, and information and communication technology management in an effort to increase partnerships for village development. Development of tourist villages for equitable village economic growth. Strengthening vegetable and animal food security to realize a village without hunger. Prevention of stunting to create a healthy and prosperous village. Inclusive village development to increase community involvement as a whole in village development.

Third, Mitigation and handling of natural and non-natural disasters according to village authority. Mitigation and handling of natural disasters, including making maps of potential disaster-prone areas in villages, village light fire extinguishers (APAR), first aid kits for disasters, and construction of evacuation roads. Mitigation for handling non-natural disasters, namely COVID-19 Safe Villages. The implementation of the priority program is carried out self-managed by utilizing local village resources that prioritize the Village Cash Work-Intensive (PKTD) pattern by allocating at least 50 percent of the Village Fund for worker wages from the PKTD activity funds contained in the Village Budget Plan.
Discussion

This year, the social protection program known as BLT Desa is the top priority for using the village fund. Village BLT is the distribution of funds from the village fund to impoverished or needy families (Cahyono, 2010; Marta & Nurlitasari, 2021). This gift is intended to assist the village's poor, lessen the financial burden of the Covid-19 pandemic, and provide more cash to help the impoverished better fulfill their basic needs (Sasuwick et al., 2021; Yendra & Wetsi, 2021). The criteria for BLT Village Beneficiaries are: first, Families living in the village in question who are poor or underprivileged, with priority given to those who fall under the category of extreme poverty. Second, Loss of livelihood. Third, Have relatives that are susceptible to chronic illness. Fourth, Poor families who are recipients of other social safety nets that have stopped either from the APBD and/or from the APBN. Fifth, Poor families affected by the Covid-19 pandemic and have not received assistance (Fitrian et al., 2021; Nafiah & Bharata, 2021). Sixth, Households with elderly single household members. BLT is one of the most important instruments in handling poverty and alleviating extreme poverty in villages, and is expected to ease the burden on rural communities affected by the Covid-19 pandemic, either directly or indirectly (Marta & Nurlitasari, 2021; Yeni & Naufal, 2018). The amount of Village BLT given to Beneficiary Families (KPM) is IDR 300,000 per month. The assistance is distributed in stages every month for 12 months starting from January 2022. BLT Desa is a form of the government's love, care, and concern for the rural poor. Village BLT in 2022 is allocated a minimum of 40% of the allocation of Village Funds for each village, or nationally the allocation of Village Funds for BLT Desa in 2022 is a minimum of IDR 27.2 trillion.

In order to support funding for the handling of the Covid-19 pandemic, including the Implementation of Micro Community Activity Restrictions (PPKM) in villages, the use of the Village Fund is determined to be at least 8% of the Village Fund ceiling for each village. The amount of at least 8% is outside and does not include funding for BLT Desa. The determined use of Village Funds (earmarks) for funding the handling of the Covid-19 pandemic in 2022 is at least IDR 5.4 trillion. The Village Cash Work Intensive is an initiative to strengthen rural communities, particularly the underprivileged and disadvantaged (Putro & Kartini, 2020; Wahidullah et al., 2020; Widodo, 2017). This activity is productive by prioritizing the use of resources, labor, and technology originating from the village concerned (local) (Ardiyani et al., 2021; Ayustia, 2019). The objectives of the Village Cash Work Intensive include providing additional wages or income, reducing poverty, improving people’s welfare, and at the same time supporting the reduction of stunting rates. As part of the Village Fund implementation, a sizable workforce is anticipated to be absorbed by the Cash-Intensive Scheme, which will pay workers directly in cash on a daily and weekly basis in order to raise purchasing power, spur economic growth, and improve public welfare. This program is eagerly awaited during the pandemic because there aren’t many career options.

It is feared that the Covid-19 pandemic will increase the number of new stunting. The bad impact of the pandemic on the community’s economy will have an effect on reducing nutritional intake for their children, especially children under five (Bonotti & Zech, 2021; Ulfa & Mikdar, 2020). Budget reallocation policies can also affect the allocation of funds for stunting prevention activities. Restrictions on community activities have also led to the cessation of Posyandu services. The presence of the Village Fund is very important within the existing limitations because the Village Fund is one of the financing supports in the context of preventing/handling stunting. When the economy weakens due to Covid-19, a financial stimulus is needed to save the economy and increase public consumption. With the support of the Village Fund allocation in several of the above programs, the Village Fund has become the backbone of the national economic recovery and the handling of the Covid-19 pandemic at the village level. The government’s alignment with the people is shown in determining priorities for the use of Village Funds. The use of the Village Fund is expected to help communities affected by the Covid-19 pandemic and national economic recovery by increasing economic growth from the village which is the smallest community structure (Permata & Hapsari, 2020; Putro & Kartini, 2020; Tumbelaka et al., 2020). The role of the Village/Kelurahan is very important as an extension of the government in managing village funds effectively, efficiently, prudently, transparently, and accountable so that the welfare of the community will increase and encourage national economic growth.

4. CONCLUSION

Utilization of village funds in 2021, where village funds are distributed in two categories namely Regular and Independent. The category is determined based on the results of an annual assessment and is determined by the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration. The 2022 Village Fund Ceiling has been set at IDR 68 trillion and allocated to 74,961 villages in 434 regencies/cities throughout Indonesia. This amount decreased by IDR 4 trillion compared to 2021. There is
an improvement in the 2022 Village Fund allocation policy which is expected to have a positive impact on the distribution and utilization process.

5. REFERENCES


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